



ANNUAL STATEMENT
For the Year Ending December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
Paramount Care of Michigan

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95566	Employer's ID Number	38-3200310
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated	12/16/1993		Commenced Business	06/07/1996		
Statutory Home Office	106 Park Place (Street and Number)		Dundee, MI 48131 (City, or Town, State and Zip Code)			
Main Administrative Office			106 Park Place (Street and Number)			
	Dundee, MI 48131 (City or Town, State and Zip Code)		(734)529-7800 (Area Code) (Telephone Number)			
Mail Address	106 Park Place (Street and Number or P.O. Box)		Dundee, MI 48131 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH 43537 (City, or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Jeff Martin (Name)		(419)887-2959 (Area Code)(Telephone Number)(Extension)			
	jeff.martin@promedica.org (E-Mail Address)		(419)887-2020 (Fax Number)			
Policyowner Relations Contact			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH 43537 (City, or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
John Charles Randolph Mr.	Chairman
John Charles Randolph Mr.	President
Marilyn Naomi Carnell Ms.	Vice Chairman
Kathleen S. Hanley Mrs.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary

OTHERS

Neeraj Kumar Kanwal Dr
Mark Henry Moser Mr.

Robert James Kolodgy Mr.

DIRECTORS OR TRUSTEES

Thomas Henry Gross Dr.
Heather Ann Socha Ms.

Marilyn Naomi Carnell Ms.
Jeffrey Ray Lewis Dr.
John Charles Randolph Mr.

State of Michigan
County of Monroe ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
John Charles Randolph	Jeffrey Craig Kuhn	Robert James Kolodgy
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Sr. VP, Finance & Operations
(Title)	(Title)	(Title)

Subscribed and sworn to before me this day of , 2005

a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)				
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....7,011,558 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	7,011,558		7,011,558	2,909,149
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	7,011,558		7,011,558	2,909,149
11.	Investment income due and accrued				
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection	503,547	44,146	459,401	614,239
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers	19,929	19,929		
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans	32,603	32,603		
15.1	Current federal and foreign income tax recoverable and interest thereon				327,434
15.2	Net deferred tax asset	205,544	205,544		
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software	2,076	165	1,911	7,089
18.	Furniture and equipment, including health care delivery assets (\$.....)	4,682	2,107	2,575	
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	713,436	237,403	476,033	779,117
21.	Health care (\$.....) and other amounts receivable				
22.	Other assets nonadmitted	1,350	1,350		
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,494,725	543,247	7,951,478	4,637,029
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	8,494,725	543,247	7,951,478	4,637,029
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301	.....			
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	2,180,266		2,180,266	2,069,565
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	135,000		135,000	
4.	Aggregate health policy reserves	300,000		300,000	
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	268,802		268,802	117,357
9.	General expenses due or accrued	78,412		78,412	52,150
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				52,608
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	864		864	506,398
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)				
22.	Total liabilities (Lines 1 to 21)	2,963,344		2,963,344	2,798,078
23.	Common capital stock	X X X	X X X	10,000	10,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	7,990,000	3,990,000
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	(3,011,866)	(2,161,050)
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	4,988,134	1,838,950
31.	Total Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	7,951,478	4,637,028
DETAILS OF WRITE-INS					
2101	.....			
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	96,822	76,059
2.	Net premium income (including \$..... non-health premium income)	X X X	27,814,359	20,586,972
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	27,814,359	20,586,972
Hospital and Medical:				
9.	Hospital/medical benefits		20,336,212	15,942,755
10.	Other professional services		213,576	
11.	Outside referrals			
12.	Emergency room and out-of-area		2,381,604	1,123,800
13.	Prescription drugs		2,564,029	1,855,099
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		25,495,421	18,921,655
Less:				
17.	Net reinsurance recoveries		163,697	
18.	Total hospital and medical (Lines 16 minus 17)		25,331,724	18,921,655
19.	Non-health claims			
20.	Claims adjustment expenses, including \$.....238,278 cost containment expenses		469,976	142,280
21.	General administrative expenses		2,611,375	2,301,644
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)		300,000	
23.	Total underwriting deductions (Lines 18 through 22)		28,713,075	21,365,578
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(898,716)	(778,607)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		23,225	22,136
26.	Net realized capital gains (losses)			
27.	Net investment gains (losses) (Lines 25 plus 26)		23,225	22,136
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(875,491)	(756,471)
31.	Federal and foreign income taxes incurred	X X X	(207,112)	(272,443)
32.	Net income (loss) (Lines 30 minus 31)	X X X	(668,379)	(484,028)
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401	.....		
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	1,838,950	2,422,404
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	(668,379)	(484,028)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	258,152	
39.	Change in nonadmitted assets	(440,589)	(99,426)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in	4,000,000	
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	3,149,184	(583,454)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	4,988,134	1,838,950
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	28,376,496	19,843,560
2.	Net investment income	23,225	22,136
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	28,399,721	19,865,696
5.	Benefit and loss related payments	25,540,952	18,465,355
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	2,852,728	2,497,772
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		42,098
10.	Total (Lines 5 through 9)	28,393,680	21,005,225
11.	Net cash from operations (Line 4 minus 10)	6,041	(1,139,529)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)		
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	4,000,000	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	96,368	1,195,178
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	4,096,368	1,195,178
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	4,102,409	55,649
19.	Cash and short-term investments:		
19.1	Beginning of year	2,909,149	2,853,500
19.2	End of year (Line 18 plus Line 19.1)	7,011,558	2,909,149

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	20,164,881		206,900	19,957,981
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employee Health Benefits Plan				
6.	Title XVIII - Medicare	7,957,523		101,145	7,856,378
7.	Title XIX - Medicaid				
8.	Stop loss				
9.	Disability income				
10.	Long-term care				
11.	Other health				
12.	Health subtotal (Lines 1 through 11)	28,122,404		308,045	27,814,359
13.	Life				
14.	Property/casualty				
15.	TOTALS (Lines 12 to 14)	28,122,404		308,045	27,814,359

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	25,364,791	17,282,396					8,082,395						
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded	143,768	111,896					31,872						
	1.4 Net	25,221,023	17,170,500					8,050,523						
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	2,180,266	1,631,348					548,918						
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	2,180,266	1,631,348					548,918						
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	2,069,565	1,259,897					809,668						
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	2,069,565	1,259,897					809,668						
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year													
11.	Incurred benefits:													
	11.1 Direct	25,475,492	17,653,847					7,821,645						
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded	143,768	111,896					31,872						
	11.4 Net	25,331,724	17,541,951					7,789,773						
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct	363,667	270,903	.....	.....	.....	.....	92,764	.....	.....	.....	.....	.....	.....
	1.2 Reinsurance assumed .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	1.3 Reinsurance ceded .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	1.4 Net	363,667	270,903	.....	.....	.....	.....	92,764	.....	.....	.....	.....	.....	.....
2.	Incurred but Unreported:													
	2.1 Direct	1,816,599	1,360,445	.....	.....	.....	.....	456,154	.....	.....	.....	.....	.....	.....
	2.2 Reinsurance assumed .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	2.3 Reinsurance ceded .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	2.4 Net	1,816,599	1,360,445	.....	.....	.....	.....	456,154	.....	.....	.....	.....	.....	.....
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	3.2 Reinsurance assumed .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	3.3 Reinsurance ceded .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	3.4 Net .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	TOTALS													
	4.1 Direct	2,180,266	1,631,348	.....	.....	.....	.....	548,918	.....	.....	.....	.....	.....	.....
	4.2 Reinsurance assumed .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	4.3 Reinsurance ceded .....			.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	4.4 Net	2,180,266	1,631,348	.....	.....	.....	.....	548,918	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	1,108,435	16,062,065	51,758	1,579,590	1,160,193	1,259,897
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	497,155	7,553,368	32,043	516,875	529,198	809,668
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	1,605,590	23,615,433	83,801	2,096,465	1,689,391	2,069,565
10.	Other non-health						
11.	Medical incentive pool and bonus amounts						
12.	TOTALS (Lines 9 to 11)	1,605,590	23,615,433	83,801	2,096,465	1,689,391	2,069,565

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	691	21			
2.	2000	6,180	7,305	7,290	7,281	7,281
3.	2001	X X X	8,573	9,675	9,683	9,683
4.	2002	X X X	X X X	10,714	11,860	11,871
5.	2003	X X X	X X X	X X X	17,319	18,913
6.	2004	X X X	X X X	X X X	X X X	23,615

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	690	21	1		
2.	2000	7,070	7,305	7,290	7,281	7,281
3.	2001	X X X	10,091	9,725	9,683	9,683
4.	2002	X X X	X X X	12,277	11,911	11,871
5.	2003	X X X	X X X	X X X	19,337	18,997
6.	2004	X X X	X X X	X X X	X X X	25,712

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	8,110	7,281			7,281	89.778			7,281	89.778
2.	2001	9,975	9,683	13	0.134	9,696	97.204			9,696	97.204
3.	2002	13,329	11,871	100	0.842	11,971	89.810			11,971	89.810
4.	2003	20,587	18,913	183	0.968	19,096	92.758	84		19,180	93.166
5.	2004	27,814	23,615	411	1.740	24,026	86.381	2,097	135	26,258	94.406

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	77	1			
2.	2000	2,266	2,614	2,588	2,580	2,580
3.	2001	X X X	3,158	3,565	3,561	3,561
4.	2002	X X X	X X X	4,717	5,194	5,204
5.	2003	X X X	X X X	X X X	10,947	12,045
6.	2004	X X X	X X X	X X X	X X X	16,062

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	77	1	0		
2.	2000	2,563	2,614	2,588	2,580	2,580
3.	2001	X X X	3,731	3,575	3,561	3,561
4.	2002	X X X	X X X	5,303	5,216	5,204
5.	2003	X X X	X X X	X X X	12,185	12,097
6.	2004	X X X	X X X	X X X	X X X	17,642

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	2,428	2,580			2,580	106.260			2,580	106.260
2.	2001	4,205	3,561	5	0.140	3,566	84.807			3,566	84.807
3.	2002	6,277	5,204	46	0.884	5,250	83.644			5,250	83.644
4.	2003	13,391	12,045	129	1.071	12,174	90.912	52		12,226	91.300
5.	2004	19,958	16,062	336	2.092	16,398	82.163	1,580	111	18,089	90.635

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE

- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE

- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	614	20			
2.	2000	3,914	4,691	4,702	4,701	4,701
3.	2001	X X X	5,415	6,110	6,122	6,122
4.	2002	X X X	X X X	5,997	6,666	6,667
5.	2003	X X X	X X X	X X X	6,372	6,868
6.	2004	X X X	X X X	X X X	X X X	7,553

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	614	20	1		
2.	2000	4,507	4,691	4,702	4,701	4,701
3.	2001	X X X	6,360	6,150	6,122	6,122
4.	2002	X X X	X X X	6,974	6,695	6,667
5.	2003	X X X	X X X	X X X	7,152	6,900
6.	2004	X X X	X X X	X X X	X X X	8,070

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	5,682	4,701			4,701	82.735			4,701	82.735
2.	2001	5,770	6,122	8	0.131	6,130	106.239			6,130	106.239
3.	2002	7,053	6,667	54	0.810	6,721	95.297			6,721	95.297
4.	2003	7,196	6,868	54	0.786	6,922	96.192	32		6,954	96.637
5.	2004	7,856	7,553	75	0.993	7,628	97.098	517	24	8,169	103.984

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)	300,000						300,000					
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$.....) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)	300,000						300,000					
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)	300,000						300,000					
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501												
0502												
0503												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101												
1102												
1103												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$.....300,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)	7,819	7,603	53,749		69,171
2.	Salaries, wages and other benefits	206,641	200,935	1,387,550		1,795,126
3.	Commissions (less \$..... ceded plus \$..... assumed)			737,521		737,521
4.	Legal fees and expenses					
5.	Certifications and accreditation fees			135		135
6.	Auditing, actuarial and other consulting services	1,734	1,687	90,614		94,035
7.	Traveling expenses			3,302		3,302
8.	Marketing and advertising			50,778		50,778
9.	Postage, express and telephone	4,641	4,511	39,745		48,897
10.	Printing and office supplies	1,746	1,698	25,555		28,999
11.	Occupancy, depreciation and amortization			8,945		8,945
12.	Equipment	15,698	15,263	116,221		147,182
13.	Cost or depreciation of EDP equipment and software			3,816		3,816
14.	Outsourced services including EDP, claims, and other services			2,583		2,583
15.	Boards, bureaus and association fees			16,989		16,989
16.	Insurance, except on real estate			12,582		12,582
17.	Collection and bank service charges			4,820		4,820
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes			409		409
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			12,240		12,240
23.2	State premium taxes			31,319		31,319
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes			6,558		6,558
23.5	Other (excluding federal income and real estate taxes)			5,944		5,944
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	Total expenses incurred (Lines 1 to 25)	238,279	231,697	2,611,375		(a) 3,081,351
27.	Less expenses unpaid December 31, current year	68,445	66,555	78,412		213,412
28.	Add expenses unpaid December 31, prior year			52,150		52,150
29.	Amounts receivable relating to uninsured accident and health plans, prior year					
30.	Amounts receivable relating to uninsured accident and health plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	169,834	165,142	2,585,113		2,920,089
DETAILS OF WRITE-INS						
2501	.....				
2502	.....				
2503	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)					

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 23,225	23,225
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	23,225	23,225
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		23,225
DETAILS OF WRITE-INS			
0901.	0		
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501	.....	
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds				
1.1	Bonds exempt from U.S. tax				
1.2	Other bonds (unaffiliated)				
1.3	Bonds of affiliates				
2.1	Preferred stocks (unaffiliated)				
2.11	Preferred stocks of affiliates				
2.2	Common stocks (unaffiliated)				
2.21	Common stocks of affiliates				
3.	Mortgage loans				
4.	Real estate				
5.	Contract loans				
6.	Cash, cash equivalents and short-term investments				
7.	Derivative instruments				
8.	Other invested assets				
9.	Aggregate write-ins for capital gains (losses)				
10.	Total capital gains (losses)				
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

NONE

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied by the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivable for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Invested income due and accrued			
12.	Premium and considerations:			
12.1	Uncollected premiums and agents' balances in the course of collection	44,146		(44,146)
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3	Accrued retrospective premiums			
13.	Reinsurance:			
13.1	Amounts recoverable from reinsurers	19,929		(19,929)
13.2	Funds held by or deposited with reinsured companies			
13.3	Other amounts receivable under reinsurance contracts			
14.	Amounts receivable relating to uninsured plans	32,603	99,964	67,361
15.1	Current federal and foreign income tax recoverable and interest thereon			
15.2	Net deferred tax asset	205,544		(205,544)
16.	Guaranty funds receivable or on deposit			
17.	Electronic data processing equipment and software	165		(165)
18.	Furniture and equipment, including health care delivery assets	2,107	1,344	(763)
19.	Net adjustment in assets and liabilities due to foreign exchange rates			
20.	Receivable from parent, subsidiaries and affiliates	237,403		(237,403)
21.	Health care and other amounts receivable			
22.	Other assets nonadmitted	1,350	1,350	
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	543,247	102,658	(440,589)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	543,247	102,658	(440,589)
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	6,385	6,284	6,215	6,331	6,299	75,591
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	1,238	1,699	1,765	1,910	1,872	21,231
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	7,623	7,983	7,980	8,241	8,171	96,822
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Summary of Significant Accounting Principles

A. Accounting Practices

The financial statements of Paramount Care of Michigan, Inc. are presented in accordance with the NAIC Accounting Practices and Procedures manual-the prescribed method by the Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, furniture and equipment is not admitted in NAIC SSAP #19, *Furniture, Fixtures and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements*, but the State of Michigan allows 55% of furniture and equipment to be admitted in 2004. Due to the inclusion of 55% of furniture and equipment, surplus increased \$2,576 as of December 31, 2004. Also, certain computer equipment and software is admitted including electronic data processing (“EDP”) equipment and operating system software, but computer equipment and software, is limited to 15% of the Company’s capital and surplus, adjusted to exclude any EDP equipment and operating software, net deferred tax assets and positive goodwill, as opposed 3% of the Company’s capital and surplus according to SSAP #16, *Electronic Data Processing Equipment and Software*. Effective January 1, 2006, SSAP #16 and #19 will be fully adopted.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. The Company does not invest in short term investments.
2. The Company does not invest in bonds
3. The Company has no common stock investments.
4. The Company has no preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.
10. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually

Notes to Financial Statement

reviewed and any adjustments are reflected in the period determined.

11. The Company has not modified its capitalization policy from prior period.

2. Accounting Changes and Corrections of Errors

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

-NOT APPLICABLE

6. Joint Ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

-NOT APPLICABLE

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

A. The components of the net deferred tax asset (liability) at December 31 are as follows:

	2004	2003
Total of gross deferred tax assets	\$ 207,879	\$ 28,050
Total of deferred tax liabilities	(2,335)	(3,590)
Net deferred tax asset	205,544	24,460
Deferred tax asset nonadmitted	(205,544)	(24,460)
Net admitted deferred tax asset	-	-
(Increase) decrease in nonadmitted asset	\$ (181,084)	\$ -

B. The Company had no deferred tax liabilities that were not recognized as of December 31, 2004 or 2003.

C. Current income taxes incurred consist of the following major components:

	2004	2003
Federal	\$ (388,196)	\$ (349,511)
Federal income taxes incurred	(388,196)	(349,511)

The main components of the 2004 deferred tax amounts are as follows:

Notes to Financial Statement

	2004	2003
Deferred tax assets:		
Claims Closeout	\$ 47,250	\$ -
Discounting of unpaid losses	23,771	19,835
Unearned premium	18,816	8,215
Other	118,042	
Total deferred tax assets	207,879	28,050
Nonadmitted deferred tax assets	(205,544)	
Admitted deferred tax assets	2,335	28,050
Deferred tax liabilities:		
Depreciation and Amortization	(2,335)	(80,658)
Total deferred tax liabilities	(2,335)	(80,658)
Net admitted deferred tax asset	-	(52,608)

The changes in the main components of the deferred tax assets and deferred tax liabilities are as follows:

	2004	2003	Change
Total deferred tax assets	\$ 207,879	\$ 28,050	\$ 179,829
Total deferred tax liabilities	(2,335)	(80,658)	78,323
Net deferred tax asset (liability)	\$ 205,544	\$ (52,608)	258,152
Tax affect of unrealized gains (losses)			
Change in net deferred income tax			\$ 258,152

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2004	Effective tax rate
Provision computed at statutory rate	\$ (306,422)	35%
Other	99,310	
Total	\$ (207,112)	
Federal income taxes incurred	\$ (388,196)	
Change in net deferred income taxes	181,084	
Total statutory income taxes	\$ (207,112)	

E. As of December 31, 2004 and 2003 the Company has no operating loss carry forwards to utilize.

Notes to Financial Statement

F. The Company is a party to a tax sharing agreement with Promedica Insurance Corporation (PIC), Paramount Preferred Options (PPO), Paramount Insurance Company (PICO), Paramount Care, Inc. (PCI) and Paramount Benefits Agency (PBA). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s affiliates include PICO, PPO, PCI, PBA and Paramount Enhanced Care Management (PECM). The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital and Herrick Memorial Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2004 and 2003 the Company was allocated general administrative expenses of \$1,963,481 and \$1,950,363.

Promedica allocates corporate overhead to all Promedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$126,198 and \$83,615 of overhead expense in 2004 and 2003, respectively. The amount is to compensate Promedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2004 and 2003

	2004		2003	
	Due from	Due to	Due from	Due to
Paramount Health Care	\$ 474,448		\$ 772,361	\$ 501,853
Lenewee Health Alliance	1,584		482	
Promedica Health System		603		2,075
The Toledo Hospital		261		2,471
	\$ 476,032	\$ 864	\$ 772,843	\$ 506,399

Premiums billed to affiliated entities during fiscal year 2003 and 2002

	2004		2003	
	Premiums		Premiums	
Lenewee Health Alliance	\$ 6,230,762	\$	4,236,369	

Notes to Financial Statement

Claims paid to affiliated entities during fiscal year 2004 and 2003

	2004	2003
Bay Park Community Hospital	\$167,112	\$150,353
Emma L Bixby Medical Center	2,778,154	2,125,997
Flower Hospital	1,898,205	1,343,406
Herrick Memorial Hospital	979,377	887,400
Lake Park Skilled Nursing	189,937	192,875
Promed Phys LLC	576,241	429,830
Promedica Laboratories	117,450	98,695
The Toledo Hospital	4,501,223	4,305,786
Total	<u>\$11,207,699</u>	<u>\$9,534,342</u>

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Plans

- A. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components.
- B. The company sponsors a 401(k) savings plan, whereby eligible employees may voluntarily contribute a percentage of their annual compensation. Under the provision of the plan, the Company annually matches employees' contributions up to 3% of compensation. All employees with at least one year of service are eligible for the plan match. If an employee has ten or more years of pension vesting service and is paid at least 1000 hours during the plan year and is employed at December 31 of any year, the company will contribute 2% of the employee's pay to his or her 401 (k) account
- C. The company does not participate in a multi-employer plan.
- D. The company participates in a Consolidated/Holding Company Plan. See description at [A] above.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- A. The Company has 60,000 shares authorized and 1 share issued and outstanding.
- B. The Company has no preferred stock.
- C. During fiscal year 2004 and 2003 no dividends were paid to shareholders.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company received \$4,000,000 in paid in capital from Promedica Insurance Corporation in 2004.
- G. There is no stock being held by the Company.

Notes to Financial Statement

- H. The Company has no special surplus funds.
- I. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	2004	2003
Accumulated deficit	\$ (2,674,163)	\$ (2,005,785)
Nonadmitted assets	(543,247)	(127,117)
Net deferred tax asset (liability)	<u>205,544</u>	<u>24,460</u>
Total	<u>\$ (3,011,866)</u>	<u>\$ (2,108,442)</u>

- J. The Company has no surplus debentures or other outstanding obligations.
- K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

As of the date of this filing, Management is not aware of any contingent commitments, assessments or other contingencies that would materially impact the company.

15. Leases

The Company has entered into lease agreements for office space and office equipment. Rental expense charged to operations amounted to \$18,261 and \$16,200 in 2004 and 2003, respectively.

At January 1, 2005, the minimum aggregate rental commitments are as follows:

Year Ending December 31,	
2005	\$2,748
2006	\$2,748

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentration of Risk:

-NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

-NOT APPLICABLE

18. Gains or Loss from Uninsured A&H Plans and the Uninsured Portion or Partially Insured Plans

-NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

-NOT APPLICABLE

20. September 11 Events

Notes to Financial Statement

-NOT APPLICABLE

21. Other

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

22. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

- 1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
- 2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

- 1. The company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- 2. The company does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3

- 1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is zero.
- 2. No new agreements have been executed or existing agreements amended since January 1, 2004 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B. The Company does not have any uncollectible reinsurance recorded on its books.

C. The company had no commutation of reinsurance.

24. Retrospectively Rated Contracts

-NOT APPLICABLE

25. Change in Incurred Claims and Claim Adjustment Expenses

As reported in the Underwriting and Investment Exhibit, part 2B, the estimated

Notes to Financial Statement

claim reserve as of December 31, 2003 was \$2,069,565. Actual payments made in 2004 against this claim reserve totaled \$1,605,590, and an estimated \$84,000 in additional payments is still expected. The net change in estimate is \$380,174. This remains due to the relatively small size of the membership and the volatility and inconsistency in forecasting for such a small population.

26. Intercompany Pooling Arrangements

-NOT APPLICABLE

27. Structured Settlements

-NOT APPLICABLE

28. Health Care Receivables

-NOT APPLICABLE

29. Participating Policies

-NOT APPLICABLE

30. Premium Deficiency Reserves

As of December 31, 2004, the Company had liabilities of \$300,000 related to premium deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The Company did not have any salvage and subrogation in the current year.

32. Organization and Operation

Paramount Care of Michigan, Inc. (Company) was incorporated for the purpose of providing comprehensive health care services on a prepaid basis and establishing and operating a health maintenance organization in southeastern Michigan. The Company is a wholly owned subsidiary of Promedica Insurance Corporation (PIC), formerly known as Vanguard Health Ventures, Inc., which in turn is a wholly owned subsidiary of Promedica Health System (Promedica). The Company formally commenced operations on December 1, 1997.

The statements of revenues and expenses reflect revenues, cost of health care services, and general and administrative expenses relating to risk contracts only.

32. Minimum Net Worth

Under the laws of the State of Michigan, the Plan is required to maintain a statutory certificate of deposit based on 5% of the net revenue from risk contracts plus an additional \$100,000 with a maximum of \$1,000,000. This amount is maintained in the cash balance on the asset page and is broken out separately on the schedule of special deposits. The statutory deposit was calculated as follows:

Net earned subscription revenue	\$27,814,359
	<u>X5%</u>
5% of revenue	\$ 1,390,718
 Total required deposit	 \$ 1,000,000
 Actual deposited amount	 \$ 1,000,000

Under the laws of the State of Michigan, the Plan is also required to maintain a

Notes to Financial Statement

working capital amount of greater than \$250,000. The working capital calculation is as follows:

Current Assets	\$6,946,991
Current Liabilities	<u>(\$2,663,344)</u>
Working Capital	\$4,283,647

The company is also expected to maintain a minimum net worth determined by using accounting procedures approved by the commissioner that ensure that a health maintenance organization is financially and actuarially sound. The commissioner takes into account the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine adequate compliance.

PCM Total Adjusted Capital	\$4,988,134
Company Action Level 200%	\$3,640,868
Regulatory Action Level 150%	\$2,730,651
Authorized Action Level 100%	\$1,820,434

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA or FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	7,011,558	100.000	7,011,558	100.000
9.	Other invested assets				
10.	Total invested assets	7,011,558	100.000	7,011,558	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/09/2004
- 3.4 By what department or departments?
Michigan Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Timothy Gustafson FSA,MAAA, Deloitte & Touche LLP, 180 N. Stenson Ave., Chicago, IL 60601
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

Yes[] No[X]
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[] No[X]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

GENERAL INTERROGATORIES (Continued)
FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

\$
\$
\$
\$

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

INVESTMENT

18. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred					Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	60,000.000	1.000		X X X	X X X	X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[] No[X]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

23.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[] No[X]

24.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
24.2999 Total

24.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

25 Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over statement (+)
25.1 Bonds
25.2 Preferred stocks
25.3 Totals

25.4 Describe the sources of methods utilized in determining the fair values

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed?

Yes[] No[X]

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 13,560

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans .....	..... 13,560

28.1 Amount of payments for legal expenses, if any?

\$.....

28.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
.....

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$.....

29.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:

\$
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:

\$
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:

\$
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	27,837,698	20,586,972
2.2	Premium Denominator	27,837,698	20,586,972
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	2,480,266	2,069,565
2.5	Reserve Denominator	2,480,266	2,069,565
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ 142,500
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The plan has held harmless provisions with network hospitals. The company's reinsurance contract does provide for payment of certain benefits for 30 days following an event of insolvency
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 1404
- 8.2 Number of providers at end of reporting year

..... 1422
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[X] No[]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.
Michigan
- 11.4 If yes, show the amount required.

\$ 1,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which the reporting entity is licensed to operate:

GENERAL INTERROGATORIES (Continued)

1	
Name of Service Area	
Lenewee	
Monroe	

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	7,951,478	4,637,029	4,392,750	2,571,790	2,690,228
2. Total liabilities (Page 3, Line 22)	2,963,344	2,798,078	1,970,346	1,707,178	1,319,074
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 30)	4,988,134	1,838,950	2,422,404	864,612	1,371,155
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	27,814,359	20,586,972	13,329,293	9,974,668	8,129,965
6. Total medical and hospital expenses (Line 18)	25,331,724	18,921,655	11,896,748	10,346,373	7,265,577
7. Claims adjustment expenses (Line 20)	469,976	142,280	95,116		
8. Total administrative expenses (Line 21)	2,611,375	2,301,644	1,245,217	1,180,359	1,122,796
9. Net underwriting gain (loss) (Line 24)	(898,716)	(778,607)	(2,904)	(1,552,064)	(258,408)
10. Net investment gain (loss) (Line 27)	23,225	22,136	24,845	58,471	30,341
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(668,379)	(484,028)	19,214	(769,593)	(228,067)
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	4,988,134	1,838,950	2,422,404	864,612	1,371,155
14. Authorized control level risk-based capital	1,820,434	1,209,340	757,922	658,765	533,245
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	8,171	7,676	4,504	3,241	2,282
16. Total members months (Column 6, Line 7)	96,822	76,059	47,726	36,352	25,367
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	91	92	89	104	89
19. Cost containment expenses	1	X X X	X X X	X X X	X X X
20. Other claims adjustment expenses	1	1			
21. Total underwriting deductions (Line 23)	103	104	100	116	103
22. Total underwriting gain (loss) (Line 24)	(3)	(4)	0	(16)	(3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Column 5)	1,689,391	1,197,106	1,137,059	1,145,493	690,350
24. Estimated liability of unpaid claims-[prior year (Line 12, Column 6)]	2,069,565	1,613,265	1,517,661	890,296	494,574
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) ...					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) ...					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					

31	Schedule A - Verification	NONE
31	Schedule B - Verification	NONE
31	Schedule BA - Verification	NONE
32	Schedule D - Summary by Country	NONE
32	Schedule D - Verification	NONE
33	Schedule D Part 1A Sn 1 - #1	NONE
34	Schedule D Part 1A Sn 1 - #2	NONE
35	Schedule D Part 1A Sn 1 - #3	NONE
36	Schedule D Part 1A Sn 2 - #1	NONE
37	Schedule D Part 1A Sn 2 - #2	NONE
38	Schedule D Part 1A Sn 2 - #3	NONE
39	Schedule DA Part 2	NONE
40	Schedule DB Part A Verification	NONE
40	Schedule DB Part B Verification	NONE
41	Schedule DB Part C Verification	NONE
41	Schedule DB Part D Verification	NONE
41	Schedule DB Part E Verification	NONE
42	Schedule DB Part F Sn 1 - Sum Replicated Assets	NONE
43	Schedule DB Part F Sn 2 - Recon Replicated Assets	NONE
44	Schedule S - Part 1 - Section 2	NONE
45	Schedule S - Part 2	NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	No ..	No ..						
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	Yes ..	20,164,881	7,957,523				
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	No ..						
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	TOTAL (Direct Business)	X X X ..	(a). 1 ..	20,164,881	7,957,523				
DETAILS OF WRITE-INS									
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)								

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART

Paramount Care, Inc. is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system.

- ProMedica Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation, an Ohio nonprofit corporation
- Fostoria Hospital Association, an Ohio nonprofit corporation
 - ◆ Fostoria Community Hospital Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation Foundation, an Ohio nonprofit corporation
- ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation .
 - ◆ ProMedica Physician Hospital Organization, Inc., an Ohio for-profit corporation and a wholly-owned subsidiary of ProMedica Physician Corporation
 - ◆ ProMedica Physician Group, Inc., an Ohio professional association which is beneficially owned by ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D. and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group.
 - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
 - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

- ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
- ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica South Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Indemnity Company, Ltd., a Bermuda corporation
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Incorporated, an Ohio for-profit corporation
 - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation
 - ◆ Paramount Care, Inc., an Ohio health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
 - ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
 - ◆ Paramount Care of Michigan, Inc., a Michigan for-profit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
 - ◆ Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
 - ◆ Paramount Enhanced Care Management Company, a corporation organized exclusively for charitable and educational purposes, a wholly-owned subsidiary of Promedica Insurance Corporation
- ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation
 - ◆ Toledo District Nurse Association, an Ohio nonprofit corporation
 - ◆ Visiting Nurse Extra Care, an Ohio nonprofit corporation
 - ◆ Visiting Nurse Hospice & Health Care, an Ohio nonprofit corporation

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

- ProMedica Continuing Care Services Corporation Foundation, an Ohio nonprofit corporation
 - ◆ Visiting Nurse Foundation, an Ohio nonprofit corporation
- Bay Park Community Hospital, an Ohio nonprofit corporation
- Bay Park Community Hospital Foundation, an Ohio nonprofit corporation
- Defiance Hospital, Inc., an Ohio nonprofit corporation
- Defiance Hospital Foundation, an Ohio nonprofit corporation
- Lenawee Health Alliance, Inc., a Michigan nonprofit corporation
 - ◆ Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
 - Bixby Community Hospital Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
 - Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
 - ◆ Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
 - Herrick Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
 - Herrick Development Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children’s Hospital f/k/a ProMedica Children’s Medical Center of Northwest Ohio is a division
 - ◆ Reynolds Road Fitness Center, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital
 - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 67% ownership interest, with various physicians having a remaining 33% interest.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

- ◆ Parkway Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 40% ownership interest, with various physicians having a remaining 60% interest.

- ◆ Central Region Properties, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital.

- The Toledo Hospital Foundation f/k/a ProMedica Foundation, an Ohio nonprofit corporation

- Toledo Children’s Hospital Foundation, an Ohio nonprofit corporation

- Flower Hospital, an Ohio nonprofit corporation

- Flower Hospital Foundation, an Ohio nonprofit corporation

Other Affiliated Entities

- 51.1
- BVPH Ventures, Inc., an Ohio non-profit corporation in which each of ProMedica Health System, Inc. and Blanchard Valley Health Association, an Ohio nonprofit corporation, hold a 50% ownership interest

 - Lima Memorial Joint Operating Company, an Ohio non-profit corporation, in which Lima Memorial Hospital, an Ohio non-profit corporation, and BVPH Ventures, Inc. each hold a 50% ownership interest.